



Statement Of

**Mr. David J. Frederickson
President
National Farmers Union**

Concerning

“Mandatory Country of Origin Labeling”

Before The

House Committee On Agriculture

June 26, 2003

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PRESIDENT, NATIONAL FARMERS UNION

HEARING BEFORE THE U.S. HOUSE COMMITTEE ON AGRICULTURE

MANDATORY COUNTRY OF ORIGIN LABELING

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Thank you Chairman Goodlatte and Congressman Stenholm for holding this hearing on an issue of utmost importance to the National Farmers Union. Mandatory country of origin labeling (COOL) has been a cornerstone issue for the over 300,000 members of NFU. As one of the largest general farm and ranch organizations in the country, our membership felt a major sense of accomplishment with the passage of COOL in the 2002 farm bill.

Unfortunately, recent actions in the House Agriculture Appropriations Subcommittee attempt to undermine this landmark legislation included in the 2002 farm bill. Not only did the subcommittee take aim at halting further rule writing by USDA, meat and meat products were singled out as the only target. Meat products are one of the four covered commodities included in the law. Given the current volatility of consumer confidence within the beef industry, it is simply counter-productive to tie the hands of USDA at this time.

Many opponents of mandatory COOL use the buzzwords, unintended consequences. We absolutely agree that there could be unintended consequences of COOL, should the U.S. Department of Agriculture and other opponents continue to railroad implementation. At a time when our largest beef export market is demanding assurances that beef products from the U.S. are born, raised and processed, and contain no Canadian products, the unintended consequences of the House Agriculture Appropriations Subcommittee could have catastrophic unintended consequences. Not only could this potentially jeopardize our largest beef export market, but it also erodes the confidence of U.S. consumers in domestic beef products.

We currently import 3.2 million pounds of beef into this country. Opponents of COOL continually argue that the market is consumer driven and there is no evidence of consumer demand for mandatory COOL. This is simply not true, nor is there evidence to suggest this assumption is accurate. Numerous survey's and consumer studies have indicated American consumers overwhelmingly support mandatory COOL and are willing to pay a premium for that information.

A study completed by North Carolina State University in February of this year concluded that four out of five U.S. consumers believe U.S. produced food is fresher and safer than imported product. Consumers in Denver and Chicago were surveyed in March 2003, and

asked to indicate their willingness to pay more for labeled beef. Seventy-three percent of surveyed consumers said they would be willing to pay more for beef with country of origin labeling. An average of those respondents indicated they would be willing to pay an eleven- percent premium for COOL on steak and a twenty-four percent premium on hamburger meat. Opponents continue to say consumers are not demanding COOL or consumers are not willing to pay a premium. This data clearly demonstrates to me a different story. Another stark fact is there is no data that refutes any of the consumer studies completed to date.

Similar to American consumers expressing a lack of confidence in beef products, our largest beef trading partners, Japan and Korea have expressed their concern over the 2.4 million pounds of beef exported out of the U.S. every year. Prior to the actions in the House Agriculture Appropriations Subcommittee, the U.S. was on the right path to provide the requested information to our trading partners. These actions could not have come at a worse time. It seems only prudent that USDA speed-up the process of implementing mandatory COOL not be slowed down. The reason the Congressional authors delayed mandatory labeling by two years was to allow USDA time to implement it correctly. Unfortunately, opponents of meat labeling have disseminated misinformation and scare tactics among producers during this timeframe, which has lead to a doomsday mindset among those in the countryside.

Country of origin labeling also provides U.S. producers, as well as those from other countries, with a mechanism that allows for product differentiation in the marketplace. This is really no different than the retail product differentiation sought by processors and retailers when they label or brand products as a means to gain acceptance, loyalty and increase their share of the market.

Country of origin labeling is not a new phenomenon in the United States. A large number of consumer goods, including many retail-ready food products, already contain a label as to their country of origin. Most recently, the World Trade Organization (WTO) upheld U.S. laws on determining the country of origin of textile and apparel products in a dispute brought by India challenging these rules. After the WTO decision, U.S. Trade Representative Robert B. Zoellick stated, "This is an important victory for American trade laws and American textile trade." I find it alarming that Administration officials do not regard the agricultural industry in the same manner. The passing of mandatory COOL in the farm bill was an important victory for American agriculture, yet the administration and opponents continue to attack its merits.

Furthermore, COOL is not a new phenomena the global world. The U.S. has trade relations with 60 countries that already have country of origin labeling systems in place and working. The U.S. labeling law also does not violate our international trade agreement commitments in that it does not impose any additional restriction in the form of tariffs, quotas or non-tariff barriers to imports and the requirements apply to both the domestic and imported commodities enumerated in the statute.

While debate over the merits of the law continues, country of origin labeling for the listed agricultural products was approved by Congress and agreed to by President Bush. It is the law of the land. We should all be focused on the development of the rules and regulations to allow for the law's implementation in the most efficient and least burdensome manner possible in a way that provides accurate and appropriate information to consumers while minimizing the cost and potential liability for producers, processors and retailers.

National Farmers Union believes the implementation challenges can most easily be met by:

- 1) Adapting the requirements of existing programs that require country of origin labeling to the new law.
- 2) Expanding and extending the country of origin information already collected on imported agricultural products, which represents a small portion of the total product volume subject to the act, through the U.S. processing, distribution and marketing system.
- 3) Allowing maximum flexibility in adapting existing record keeping and verification information and new information requirements to the audit provisions of the law.

Thank you Mr. Chairman for the opportunity to testify this morning. It is the hope of National Farmers Union that you disregard the misinformation being circulated about COOL and work with USDA to implement the law as quickly and efficiently as possible. I welcome the opportunity to answer any questions you may have.

The new law instructs grocery stores to label fresh meats, fish, fruits, vegetables, and peanuts with the country in which it was grown and processed by September 2004. The corporate giants that would profit most from American consumers not knowing their foods origin have launched an anti-labeling campaign primarily fueled by misinformation and scare tactics.

